

MHCC Nursing Home Issue Brief: Bed Need Projections

Background:

Under the Commission's statute, the State Health Plan is required to include methodologies, standards, and criteria for CON reviews. Commission staff periodically review the formula used to project need for nursing home beds in order to assess its effectiveness and to incorporate new variables as data become available.

The key features of the current nursing home bed need methodology are as follows:

- Bed need is projected on a jurisdictional basis;
- Use rates are age-adjusted;
- Baseline use rates are reduced by 5%;
- Migration within Maryland is adjusted using assumptions about migration and use rates to take in- and out-migration into account;
- A community-based services adjustment is included, based on an assumption that some nursing home services could be provided outside of the nursing home setting;
- The projection horizon is seven years from the base year; and
- Household population data is used.

Critique of the Current Bed Need Methodology:

The current methodology predicted utilization patterns fairly well, and does not seem to have contributed to substantial variation in bed occupancy among jurisdictions. This suggests that it has worked relatively well as a guiding standard in CON project review. However, the current approach can be criticized. Issues identified by MHCC staff are as follows:

- Some of the data requirements are based on MDS 2.0 data, which is now obsolete;
- Parts of the methodology are complex and difficult to replicate;
- Some assumptions are not fully explained;
- The migration matrix is very complex to use;
- The projection horizon (seven years) may be too long; and
- Total population data, rather than household population, should be used, consistent with other MHCC methodologies. Some populations in some "group quarters" can reasonably be expected to be a source of demand for some level of nursing home care.

Possible New Approaches:

Staying within the basic framework of nursing home bed need projection, MHCC staff has worked on updating the methodology in the following ways:

- Take into account patterns of use by age by modeling demand using observed rates of change in use rates;
- Simplify the migration adjustment by means of net in- and out-migration;
- Factor in use of Maryland nursing homes by non-Maryland residents;
- Shorten the projection horizon to five years from the base year;
- Use total estimated and projected population; and
- Add a jurisdictional occupancy standard as a final step in making a finding of net bed need.

Questions for Discussion:

- What is your assessment of the current nursing home bed need methodology in terms of reasonably predicting the use of nursing home beds in Maryland?
- Does the projected approach take into account current patterns of utilization?
- Where do you see areas of unmet need in the state?